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Title of presentation: US Multistakeholder Effort for Certification of E-Waste Recyclers

I'm going to follow on one of the latter slides of John Chilcott (of IAER) had presented and talked about the effort I'm going to be talking about here. And that is a multi-stakeholder effort going on in the United States, been going on for probably more than two years at this point towards the development of a broadly accepted program for certification of electronics recyclers. Both John and Eric have talked about programs that each of their trade associations promotes as a certification program. John's program has been operating for about 6, 7, 8 years now, I think. The ISRI program, Eric's program, they haven't certified any recyclogenic thing, but they're spending a lot of time developing the program very, very robustly, very well. I think John would tell you, one of the challenges that they've had is getting recyclers to recognize a certification program and say, hey, that's very meaningful to me, and it's useful to me, and it's of value to my company, and I want to be certified.

Over those seven years or so, I think there's only a dozen or so companies in the United States that have been certified to that system, so it became clear that we would all be better off, all players, all stakeholders in this, would be better off if we could get all recyclers certified and the concept came up that, if we got the federal government, the state governments working with the industry and the NGOs to come up with a program that each of those organizations could give support to, it would be broadly supported and broadly recognized. That's the purpose here, that's why it's multi-stakeholder, that's why state governments are involved, that's why EPA is involved, to get a program that is widely recognized and has significant value in the marketplace -- I want to be certified, I'm a recycler, because it will have significant value to my ability to do business, it's profitable. Also, EPA believes that this type of process can, to some extent, serve as an alternative to regulations, market incentives, to doing the right thing, instead of having one, the only approach is a command and control, a regulatory kind of approach. I'm not saying there's not a need for some kind of regulations of some sort, but a lot can be accomplished through market based approaches as well.

Just to let you know that, even though EPA is helping to fund this effort and the facilitation of it over the last two years. We're not going to adopt it as our own. We're not going to implement it as an EPA program. We expect the program to be implemented, basically, it's a voluntary program, so it's the choice of the recyclers, and implemented through a third party organization, okay, whether it's, perhaps an ANAB, American National Accreditation Board approved program with independent auditors, and this sort of thing. Both organizations, ISRI and IAER have indicated their interest in becoming certifying bodies for this type of program. Both organizations have also agreed that they will adopt the standards, the guidelines that come out of this multi-stakeholder effort.

Others involved, we have our Occupational Safety and Health Agency at the federal level also, giving us input in this effort, because this does involve not only environmental protection, it involves worker protection as well.

I mentioned the other states, manufacturers also involved: HP, Dell, for example, are very much involved in this effort. I mentioned recyclers were volunteered to be certified as to conformance with these practices, the shorthand acronym is R2, which stands for Responsible Recycler program, this is for electronics recyclers only, it's not like a RIOS which is broader for all sorts of recyclers.

The nature of the certifying bodies is still a little bit unclear. We are hoping to try to complete this by sometime mid next year or so, and then the organizations, the certifying bodies can begin to use it and adapt it and incorporate it into what they're doing, and sometime after that, begin certifying recyclers.

Regarding progress, we've been working very hard, especially over the last two years, the work on this goes back three years, with some public meetings that we had, but the work in earnest to develop the standards, the guidelines, for a while we were calling them best management practices, and they're now called these R2, these responsible recycler practices. There's been about 20 versions drafted over the last two years with improvements each time.

Again, this is multi-stakeholder, we have a lot of different opinions around the table, okay, and they get reflected in various drafts, and then we discuss those, and then we come up with the next draft, and so on, so, we've also gone on more broadly for public comment on one occasion, we recently completed review of the R2 practices document by a group of qualified auditors and got their input, revised the document based upon that input.

Next steps, we are continuing to improve, we've come up with close to 20 versions now, we'll probably have another one or two before we go and take the next step, which is to field test the document. This is kind of a shortened audit taken out to several recycling facilities and do a shortened audit with those facilities and learn from that exercise how implementable, how practical the document is, if it is understandable, and get additional ideas and thoughts from the recyclers themselves.

There are, of course, recyclers involved in the multi-stakeholder effort in helping to write the guidelines. We expect to be done with field testing sometime early next year, so within the next few months. Following the field testing, we'll again be taking that input from the field tested facilities and look at the document and improve the document. Getting into the content, or what we're trying to accomplish here a little bit.

Voluntary program, primary focus is on human health protection of human health and the environment. There are some other elements, as you'll see, in the guidelines, such as data security. Well that's not a human health and the environment issue, but it's an issue that's absolutely critically important in this business and the recyclers, the OEMs, all demanded had to have data security as a part of this. Electronics recyclers, certainly, as has been said several times, I think by John (Chilcott) in particular, must comply with all existing national, state, local, and international requirements. That's a fundamental principle of the document.

I mentioned that it's not going to be an EPA program implementation as an EPA program, third party auditors and certifying bodies, rather than EPA implementing it. As I had mentioned in my last presentation, this is another tool, it's a voluntary tool, it's a market based tool, but it reflects the hierarchy I talked about earlier. Reuse and recycling are preferred over disposal so that's an essential, all stakeholders agree, there's no issue here.

Worker environment, environmental protection, obviously is a core principle of the document. Talked about this earlier as well, downstream due diligence, and several speakers have talked about it being absolutely fundamental to responsible recycling. However, this document and this effort will not ask recyclers, and this is a concept that's consistent with the EPA guidelines that were developed as part of the plug-in program. Let's say the recycler's dismantling, and he produces aluminum, steel, plastic circuit boards, CRTs, let's say, CRT glass, okay. Only those latter two things, that is CRT, CRT glass and circuit boards, is this document asking or demanding that the recycler do downstream due diligence. So for streams that are separated, commodities, okay. Streams that are separated, such as aluminum, plastics, steel, and so on, copper streams. The document is setting priorities. It's saying there's little or no risk there that we're worried about in terms of downstream for those materials. Let's focus attention on the things that we're concerned about, and that have some potential environmental risk, or significant, or potential environmental risk if mismanaged. So the target here for downstream due diligence is only the following things. Right now, it's five items, it may be just four if toner is dropped, and there's discussion going about toner. So there's five things going on here. Batteries, we've heard a lot about batteries, obviously batteries are things to worry about, certain types of batteries. Mercury containing devices, lamps and other devices, absolutely. CRTs and CRT glass, okay, all from regulated hazardous waste, okay, and circuit boards contain a fair amount of lead solder, so that these need to be tracked and understood downstream where they're going, okay. Aluminum, steel, who cares?

All right, environmental management systems, as John talked about, essential part of this. Continual improvement so this is a critical part. You must, if you want to be a responsible recycler, you must have some sort of an environmental management system in place. It doesn't have to be, ISO 14000, or OSHA's 18000 and so on and so forth, doesn't even have to be a RIOS or an IAER. There is more flexibility than that in the document, but it must have a number of characteristics such as a plan-do-check-act model, type of thing.

Data security, I mentioned that one is essential, and complies with all laws and rules, I mentioned that as well. Other areas addressed by the document at this point, record keeping at the facility, differentiating reuse from recycling, okay, as the Basel Action Network and others have done a very, very good job of through the last several years, clearly there are issues, significant issues, with exports going to faraway places under the guise of reuse, and it's being very, very poorly recycled in some cases. So it's important to distinguish valid, legitimate, reuse kinds of things from recycling. The document includes conditions applicable to the use of smelters, the document's not going to say, not going to ask, basically, for an audit of smelters. The volume of materials coming from electronics to any smelter is miniscule, in most cases. This is not an approach that should be used to make, certify, smelters, and I have a slide later

on in terms of the very few smelters in the world that can accept some of these materials, actually.

The document also includes conditions applicable to the use of disposal facilities, in some cases, disposal for some items is necessary. Transportation, insurance was talked about, facility closure and financial responsibility and facility security as well.

Just to give you a flavor of what the document has, the essential element in terms of export, now this is separate from the due diligence, there are significant requirements if you're going to be certified to this that relate to downstream due diligences and what paperwork you need, and what paperwork you need to demonstrate that you are using appropriate downstream recyclers. But in addition to that, related to export, a recycler certified under this scheme will have to have written evidence that the importing and transit countries allow the importation or transit of that material, okay. In some cases, and this, as some of you know, the idea of transparency basically first started with hazardous waste, and there's a notification consent system for hazardous waste. This is not a notification and consent, this is just saying the recycler has to have evidence that the facility that they're dealing with in the foreign country is authorized by the competent authority, by the environmental authority, not by the state, the province, the local, but by the environmental authority, the EPA, whatever, or the seminar, to receive that material. And again, the material is limited to those things there: batteries, mercury containing devices, CRTs and CRT glass, circuit boards, and possibly toner, okay, those are the things. Aluminum, plastics, steel, they're not included in this. In addition, to help the recyclers with this, because some recyclers will clearly have difficulty getting that written evidence from countries of import and transit countries because those countries are normally, through the notification process, familiar with dealing with other countries, but they're not familiar as dealing with individual companies and providing them these kinds of letters. So a recycler under this process can come to EPA and say, hey, we would like your help, EPA, in learning and getting the written authorization from this other country, so we will help facilitate that. That's all I have on that information. Any questions?

[Audience]

La otra pregunta es con relación a que si el gobierno federal de los Estados Unidos apoya o tiene algún incentivo ya sea en "taxes", como le llaman ustedes, a las personas, o a las empresas, perdón, que están invirtiendo en relación o que hacen inversiones grandes para arreglar o cualquier problema ambiental.

[Bob Tonetti]

As far as that issue, I'm not an expert. I'm going to ask Matt Hale. Did you hear the question? Okay, the question is regarding federal government help with remediation of, I would guess, environmental contamination, is that what you're speaking of, is that right?

[Audience]

Así es.

[Bob Tonetti]

Matt, would you like to comment on that?

[Matt Hale]

We have limited legal ability to use our main sources of EPA funds external to the U.S., for example, our superfund money which we use for domestic cleanups, and so with situations like the Metales site here in Tijuana, we provided clinical support and contractor support to the cleanup, but we weren't able to put federal U.S. money directly in a cleanup activity, so we've got limitations under our own statutes as to what we can do there through our environmental programs.

[Audience]

¿En Estados Unidos si hay una manera de ayudar a las empresas?

[Matt Hale]

Could you repeat the question again?

[Audience]

¿Que si en Estados Unidos, este, sí tienen ese apoyo? ¿Sí podrían ayudar a las empresas? En incentivos o...

[Matt Hale]

We tend not to provide incentives, we charge people with violating environmental laws and force them to pay, and if they can't pay, then that's where we would use federal money, but again, I'm talking about our primary waste programs, there are areas where, for example, within the U.S., we can give ground field grants for distressed or environmentally distressed community to promote development, but our basic, our basic authority with our money is to require people to do cleanup, and if they don't, we do it, and we can actually charge them three times for the cost of the cleanup.

[Female Speaker]

Matt, I would like just to clarify the question. The question was about any incentives that the federal government could have to, for the recycler's investment on equipment or on installation, if the federal government have any tax reductions for that investment, that, I don't know how to say it, but it is some exceptions on the first year or something like that.

[Matt Hale] Okay, I'm sorry, perhaps I misunderstood the question. I can't speak to that, because the Environmental Protection Agency, which I represent, we don't do, we don't deal with tax incentives. That comes out of the Internal Revenue Service or the Commerce Department, and they're, actually, if we could speak directly to this than I can, but, in fact, in the current U.S. structure, there are some tax incentives that favor disposal over recycling, and we're working with IRS to see if we can get those changed.

[Audience]

Ok, aclarando la situación por parte de Estados Unidos; por parte de México, la persona que hizo una pregunta anteriormente a la mía yo le sugiero que vea la LEGEPA, hay incentivos por parte de SEMARNAT a todas las empresas que inviertan en saneamiento ambiental. Voy a dar un ejemplo: por ejemplo nosotros en Puerto Peñasco ahorita hubo la manera o exigió SEMARNAT cambiar las redes para las pescas, ahí tuvo una ayuda federal de un 35% sobre el costo de la red para el pescador y el 75% se fue a fondo perdido. Es todo, gracias.

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